Distr.
LIMITED

ID/WG.445/9
23 October 1985

ENGLISH

United Nations Industrial Development Organization

International Conference on Man-made Fibres,
Beijing, China, 18 - 22 November 1985

MAN-MADE FIBRE INDUSTRY IN INDIA*

Prepared by

Suresh Kumar**

---

* The views expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.

** Joint Secretary, Ministry of Commerce, New Delhi

V.85-32419

NOTE ON MAN-MADE TEXTILE INDUSTRY

Man-made Textile Industry comprises:

1) Man-made yarn weaving Units
2) Spinning Units (using Man-made Cellulosic and Synthetic Fibres)
3) Man-made Fibre and Filament Yarn Manufacturers
4) Yarn Processing (Texturising Twisting and Doubling Units)
5) Knitting Units

Artsilk Weaving:

1. The Artsilk Waving Industry consists of artsilk powerlooms working in the organised sector and decentralised sector. It is estimated that there are about 2.00 lakbs artsilk looms working in the country.. Out of these looms, approx. 18,000 powerlooms are working in the organised sector, covered by IDR licences.

Spinning Units:

2. Spinning units using mainly man-made fibres came under the delicensing scheme from November 1978. As of December 1983, there were 4.61 lakh spindles inclusive of spindles under the de-licensing scheme. This industry is engaged in manufacturing Man-made fibres/yarn, both of cellulosic and non-celluslosic origin.

The capacity (production of various types of man-made fibres/yarn are given) is as follows:

S.No.	Item	Installed Capacity	Actual Production 1983/84	1984/85
	Cellulosic Fibres/Yarns			
1.	Viscose Filament Yarn (including Cupremonium)	43,385	35,415	32,949
2.	Viscos Tyre Yarn	21,200	9,460	7,537
3.	Regular Viscose Staple Fibre	85,000	77,173	95,417
4.	HWM Fibre	14,700	5,611	6,601
5.	Acetate Fibre	800	194	262
6.	Acetate Filament Yarn	3,200	1,333	707
	Non-Cellulosic Fibre/Yarn			
1.	Nylon Filament Yarn	34,518	38,402	34,535
2.	Nylon Tyre Yarn	18,635	15,724	19,735
3.	Polyester Filament Yarn	42,211	47,929	55,223
4.	Polyester Staple Fibre	46,068	26,862	38,976
5.	Acrylic Fibre	20,000	16,589	20,883

3. To ensure availability of raw materials to various sectors of the Textile Industry, the import of man-made fibres and yarn (first quality) are permitted on an OGL Basis. The actual imports effected over the last two years are as shown below:

Imports of Man-made Fibres/Yarns

S.No.	Item	1983/84 (in tonnes)	1984/85
	Cellulosic Fibres/Yarns		
1.	Viscose Filament Yarn (including Cupramonium)	4,818	2,165
2.	Viscose Tyre Yarn	478	31
3.	Regular Viscose Staple Fibre	19,529	15,381
4.	HWM Fibre	343	53
5.	Acetate Fibre	321	203
6.	Acetate Filament Yarn	297.13	351
	Non-Cellulosic Fibres/Yarns		
1.	Nylon Filament Yarn	2,020	504
2.	Nylon Tyre Yarn	5,296	2442
3.	Polyester Filament Yarn	6,181	1,378
4.	Polyester Staple Fibre	9,987	2,296
5.	Acrylic Fibre	1,277	800

This policy of liberalised imports has by and large helped in keeping the prices at steady levels. The statement giving movement of prices over the last two years is given in the Annex II to this note.

4. The Government has from time to time taken measures to counter the adverse effect of lower import prices of man-made fibres/yarns. A statement showing effective rates of Excise Duty/Customs Duty during 1984-85 and 1985-86 is enclosed as Annexure I.

5. For apparel use, demand for texturised polyester filament yarn has risen sharply in the last two years. Indigenous units have shown very high capacity utilisation and there have been substantial imports as well. The demand for texturised yarn is likely to result in a shift from production of that polyester filament yarn to partially oriented yarn, which can be used for producing texturised yarn at a lower price.

Knitting Units

6. It is estimated that there are about 1050 warp knitting and reschal knitting machines working in the country. Warp knitting machines mostly manufacture apparel fabrics out of filament to texturised yarn, while raschal knitting machines make laces and curtain materials from a variety of yarns mostly of filament type. In addition, about 114 embroidery machines are operational.

Yarn Processing Units:

7. This industry comprises crimping, draw-texturising, twisting and doubling machines mostly manufacturing yarn for Artsilk Weaving/Knitting Industry. It is estimated that there are around 540 crimping texturising/draw-texturising machines. The texturising/draw-texturising machines are mostly used for making texturised polyester yarn, while crimping machines make nylon crimped yarn.

New Capacities:

8. In order to increase availability of Man-made fibres and yarns, steps have been taken to create additional capacities. In this context letters of intent have been issued for:

Items	
1. Viscose Staple Fibre	10,500 Tonnes
2. HWM/Polynosic Fibre	1000,500 Tonnes
3. Nylon Filament Yarn	80,230 Tonnes
4. Polyester Staple Fibre	83,131 Tonnes
5. Nylon Tyre Cord	16,710 Tonnes
6. Acrylic Fibre	34,000 Tonnes

New Textile Policy:

The Man-made Textile Industry has a unique place in the economy of our country. Its contribution to the industrial production, employment and export earnings is very significant. Realising the vital importance of this industry, the New Textile Policy has laid special emphasis for healthy development and rapid growth of this industry. The main features of the New Textile Policy is the multifibre approach implicit in providing fuller fibre flexibility. This approach is guided by the following considerations:

a) Full fibre flexibility as between cotton and man-made fibres/yarns would be provided to the textile industry. Greater fibre flexibility in the use of wool shall be provided in a phased manner to units licensed for cotton and man-made textiles; woolen units shall be given full fibre flexibility;

b) Adequate availability of man-made fibres/yarns at reasonable prices shall be ensured by increased domestic production supplemented as necessary by imports;

c) Creation of capacity new units and expansion of capacity by existing units for production of synthetic fibres/yarns would be so determined as to realise economics of scale in order to reduce costs of production;

d) Fiscal levies on man-made fibres/yarns, and on the intermediates used as inputs for the production of such fibres/yarn, shall be progressively reduced in such a manner as to facilitate absorption of increased domestic production so that the benefit flows to the consumer in the form of lower prices of synthetic and blended fabrics; and

e) The export window shall be kept open for man-made fibres/yarns.

In pursuance of the objectives of New Textile Policy, the following action points have been envisaged:

1) Setting up of a Fibre Co-ordination Committee under the Chairmanship of the Joint Secretary, Department of Textiles for monitoring the availability of man-made fibres/yarns, and the required readjustment in the customs duties on the import of various inputs for the man-made textile industry. Other members will be representatives of the Departments of Petroleum, CCI&E/Finance.

2) Constitution of a Fibre Coordination Committee to ensure adequate availability of man-made fibres/yarns. The Committee comprises of representatives of CCI&E, Departments of Revenue and Department of Petroleum.

Man-Made Textiles under Controlled Cloth Scheme:

The Government has approved a pilot project for production of Polyester Cotton (48% Polyester and 52% Cotton) blended shirting cloth as part of the controlled cloth scheme by N.T.C. in persuance of the Textile Policy objectives of providing durable cloth of acceptable quality for common man. The scheme has come under operation on 15 August 1983. Under the scheme cloth is being provided to families having income below Rs.6,000/annum at Rs.10,50/metre. The allocation of cloth is restricted to 10 metres per ration card. The distribution is done under the directions of the State Government through a network of fair price shops.

SASMIRA/MANTRA

8. There are two research associations concerned with the artsilk sector, namely Silk and Artsilk Mills Research Association (SASMIRA), Bombay and Man-Made Textiles Research Association (MANTRA), Surat. SASMIRA was established in 1950 and MANTRA was formed and recognised from 1980-81 as an independent Association catering to the need of the local textile industry.

9. SASMIRA's principal activities include research and development, provisions of technical services, and testing and training facilities. A demonstration plant has been set up with the assistance of UNDP. The plant is to be used for imparting training and carrying out research. Eight projects of national importance have been identified, seven of which relate to research made possible because of the facilities made available by the plant. These relate to optimisation of process variables for production of man-made fibres and yarns and also the chips required to produce such fibres and yarns. The spinning section of the plant has been completed and commissioned during the current year.

In addition to the seven projects of national importance mentioned earlier, SASMIRA had undertaken another such project relating to the production of fabrics of man-made fibres and yarns in the decentralised sector. SASMIRA had hosted an International Conference on Man-Made Fibres and Yarns which was attended by delegates from Argentina, Bangladesh, Brazil, Burma, China, Colombia, Egypt, Indonesia, Syria, Malaysia, Mexico, Peru, Phillippines, Singapore, Iran, Thailand, Turkey and Venezuela. Suggestions were made at the conference for enlarging the facilities available in SASMIRA on the training and research side. UNDP has since approved assistance for the second phase of the Demonstration Plant which includes Polymerization including manufacture of Nylon-66 etc.

10. MANTRA is expected to cater mostly to the research development and technical service needs of the decentralised artsilk weaving sector, which is largely concentrated in Surat. Since this is a new organisation, the Government is at present assisting it in acquiring necessary infrastructure, i.e. buildings, equipment and personnel for carrying on research work, establishment of laboratories, training etc. MANTRA has identified projects to be completed during the plan period. Among these projects modification of Nylon Yarn project has been identified of national importance and it will be funded on 100 per cent basis.

Annexure I

Effective rates of Import Duties/Customs Duties
on man-made fibres/yarns/raw-materials

Excise Duty	1984-85	1985-86
Caprolactum	15.75%	15%
MEG	10%	12%
Wood pulp	10%	12%
O.M.T.	Nil	Nil
NYLON FILAMENT YARN		
750 D & below	70.00/kg	70.00/kg
above 750 D	8.13/kg	8.13/kg
Polyester Filament Yarn	83.75/kg	83.75/kg
Polyester Staple Fibre	45.00/kg	25.00/kg (eff. 28/8/85)
Acrylic	17.50/kg	17.50/kg
CUSTOM DUTY		
Caproleactum	119.925%	118.5%
Woodpulp	87.00%	Nil
Nylon Filament Yarn	140.00%	140.00%
Polyester Filament Yarn	225.00%+Rs.15/kg	225.00%+Rs.15/kg
Polyester Staple Fibre	175.00%+Rs.9/kg	175.00%+Rs.9/kg
Acetate Staple Fibre	140.00%+Rs.12.50/kg	140.00%+Rs.12.50/kg
Nylon Tyre Yarn	130.00%+Rs.11/kg	130.00%+Rs.11/kg
D.M.T.	140.00%	140.00%
Polyester Chips	250.00%	250.00%
EG	131.00%	135.2%
Viscose Filament Yarn 600 Dn	45.00% ad-valorem	
Acetate Yarn	45.00% ad-valorem	
Cupramonium Yarn	20.00% ad-valorem	
Viscose Staple Fibre	40.00%	60.00% (eff.18/9/85)

Annexure II

Movement of market price of man-made fibres/yarns

Months	Viscose Staple Fibre	Polyester Fibre	Viscose Filament Yarn	Nylon Filament Yarn	Polyester Filament Yarn	Texturised Yarn
August 83	23.04	87.28	47.89	197.20	164.33	169.50
Sept. 83	23.04	87.28	49.57	171.92	161.33	167.60
Oct 83	23.04	87.28	49.62	154.95	161.33	176.33
Nov. 83	23.04	87.28	49.13	149.57	161.00	170.00
Dec. 83	22.60	87.28	49.14	149.57	161.00	170.00
Jan. 84	22.60	87.28	51.13	145.85	155.67	170.00
Feb. 84	22.60	87.28	53.99	145.41	155.67	170.00
April 84	33.00	84.00	56.55	145.00	195.00	155.00
May 84	35.00	86.00	53.80	158.00	195.00	152.00
June 84	35.00	86.00	51.15	148.00	175.00	150.00
July 84	35.00	86.00	51.15	175.00	180.00	195.00
August 84	35.00	86.00	53.61	180.00	180.00	170.00
Sept.84	35.00	86.00	57.05	165.00	190.00	162.00
Oct 84	24.75	93.00	59.46	168.00	190.00	162.00
Nov 84	22.63	93.00	62.91	157.36	190.00	205.25
Dec. 84	23.75	93.00	62.98	151.27	190.00	205.25
Jan. 85	23.75	93.00	67.73	163.11	192.00	205.25
Feb. 85	22.60	87.28	53.39	145.41	155.67	170.00
March 85	24.75	93.00	80.95	185.00	205.00	182.00
April 85	24.75	93.00	68.75	185.00	210.00	181.00
May 85	24.75	93.00	77.10	215.00	215.00	180.00
June 85	23.75	93.00	51.05	198.00	210.00	176.00
July 85	23.75	93.00	53.90	186.00	210.00	172.00
August 85	23.75	90.00	58.30	190.00	200.00	187.00
Sept. 85	23.75	90.00	57.20	170.00	195.00	180.00

Source: Textile Commissionar's Report